

Message Text

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ORIGIN NEA-10

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UNCLAS STATE 220647

E.O. 11652:N/A

TAGS: EINV, BTRV, US, IN

SUBJECT: LUDLOW CORP.

REF: STATE 219318

THERE FOLLOWS FOR YOUR INFORMATION TEXT OF TELEX FROM
LUDLOW (COPELAND) TO AMBASSADOR PALKHIVALA: BEGIN TEXT

WE WOULD APPRECIATE YOUR ASSISTANCE IN EXPEDITING THE
CONSIDERATION OF LUDLOW JUTE COMPANY LIMITED'S APPLICATION
TO SELL ITS ASSETS IN INDIA TO KANORIA CHEMICALS AND IN-
DUSTRIES.

THE BRIEF HISTORY IS THAT LUDLOW ENTERED INTO AN AGREE-
MENT TO SELL ITS ASSETS TO APJ IN NOVEMBER 1976. IN NOVEM-
BER 1977 THE MINISTRY OF FINANCE ADVISED LUDLOW THAT THEY
COULD NOT APPROVE THE SALE.

IN DECEMBER 1977, LUDLOW ENTERED INTO A FRESH CONTRACT
WITH KANORIA CHEMICALS AND INDUSTRIES AND FILED THIS WITH
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CENTRAL GOVERNMENT AND RBI FOR APPROVAL.

IF THE MEANTIME APJ OBTAINED AN INTERIM COURT ORDER
STAYING GOVERNMENT'S DISAPPROVAL OF THE LUDLOW/APJ CONTRACT.

APJ OBTAINED A FINAL ORDER IN THE LOWER COURT BUT GOVERN-
MENT AND LUDLOW WON AN APPEAL TO THE DIVISION BENCH WHICH

SET ASIDE THE LOWER COURT'S ORDER. APJ FILED A SPECIAL LEAVE PETITION WITH THE SUPREME COURT WHICH WAS REJECTED LAST WEEK.

DURING THE PENDENCY OF THE LEGAL PROCEEDINGS, WE BELIEVE THAT RBI AND MOF MAY HAVE BEEN RELUCTANT TO ACT ON THE APPLICATION TO SELL TO KANORIA.

SINCE THE LEGAL PROCEEDINGS HAVE NOW BEEN DISMISSED BY THE SUPREME COURT WE WOULD APPRECIATE AN EARLY DECISION.

LUDLOW HAS ENJOYED A LONG AND EXCELLENT RELATIONSHIP WITH INDIA. WE FEEL THAT YOU WILL FULLY APPRECIATE THE IMPORTANCE TO AN AMERICAN COMPANY OF CONTINUING THIS RELATIONSHIP THROUGH THE PERIOD OF DISINVESTMENT.

MR. MASON, PRESIDENT OF LUDLOW, HOPES TO MEET WITH DR. MANMOHAN SINGH IN DELHI ON SEPTEMBER 7TH. WE WOULD APPRECIATE IF YOU WOULD MENTION THE SUBJECT TO DR. MANMOHAN SINGH PRIOR TO THE MEETING. END TEXT. CHRISTOPHER

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